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Report to the Mental Health Task Force: Operations Review of Washington State's Mental Health Division

Katherine Sternbach
Jack Peters



Introductions

- Kathy Sternbach, Principal and Senior Consultant, Clinical and Behavioral Health Solutions Group, Mercer Government Human Services Consulting
- Jack Peters, Consultant, Information Planning Group, Mercer Government Human Services Consulting

Purpose of the MHD Operations Review

- Assess capacity of MHD to implement E2SHB 1290
 - Manage RSN procurement
 - Improve accountability and efficiency
 - Move the system to resilience and recovery-oriented services
 - Develop a systematic quality management and oversight approach

Operations Review Methodology

- Mercer Team
 - Clinical
 - Financial
 - Information Systems
 - Management
- Desk audit of key documents
- On-site review and interviews
- Strengths and gaps analysis
- Debriefing
- Report

Key Questions and Findings

- Does the current organization of MHD support expansion?
- How can MHD organize and staff itself to maximize resources and efficiency?
- Does MHD have the right tools?
- What other steps are necessary for MHD to expand its responsibilities?

Focus of the Operations Review

- Review focused on:
 - Typical managed care functions and requirements of the Centers for Medicare and Medicaid Services (CMS)
- Mercer did NOT review other MHD responsibilities that support operations of public mental health system, such as:
 - state planning efforts, federal block grant, etc.

Review Areas

- Organization and Staff for Expanded MHD Role
- RSNs Procurement, Contracting, Monitoring
- Clinical Operations Standards and Protocols
 - Intake/Eligibility
 - Care Management
 - Utilization Management
 - Quality Management

Review Areas

- Provider Network Standards and Monitoring
- Financial Systems
- Information Systems (IS) and Operational Environment

Findings: Overall Strengths

- MHD staff
 - Good understanding of current roles and responsibilities
 - Investment in expanding oversight of the RSNs
 - Coordination between fiscal and program staff
 - Consumer participation in management and quality improvement
 - Strategic plan to address known gaps
 - Good understanding of CMS requirements

MHD Strengths

- Mental Health Task Force Project Manager Position
 - Positive example of effective project management
- Consumer Affairs Office
 - Promotion of resilience and recovery-oriented services
- Ongoing Quality Assurance and Improvement activities

Strengths

- Contract with External Quality Review Organization
- Contract with Washington Institute for Mental Illness Research and Training (WIMIRT)
 - Resource for performance and outcome management
- Published Performance Indicators

Challenges

- Organizational structure and authority
 - Positions do not follow task and function
 - Multiple staff roles result in limited focus and scope within each key area
 - Lack of discrete staff assignments for oversight of key managed care functions
 - Prior to E2SHB 1290, limited legislative, political and regulatory authority to enforce standards consistently across the RSNs

Challenges

- Staffing Gaps
 - Director position overloaded with responsibilities for direct operation of services (state hospitals)
 - Senior management staffing gaps
 - Quality management staffing gaps
 - Financial monitoring staffing gaps
 - IS project management gap
 - Planned staff reductions for an already understaffed organization

Clinical Operations Challenges

- Limited direct staff experience with managed care tools
- Absence of policies and procedures
 - Intake/eligibility determinations
 - Care management/utilization management
 - Delegation of functions from RSNs to contracted network providers
 - Clinical practice guidelines

Clinical Operations Challenges

- Limited data to monitor under and over utilization of services
- Absence of a Psychiatric Medical Director to assist with standards development and quality review

Provider Network Standards and Oversight Challenges

- Network oversight responsibilities not integrated among MHD staff
- Network standards require greater specificity
- RSN geo-access reports require monitoring by MHD
- Non-specific RSN contractual performance guarantees limit impact on quality and outcomes

Financial Management Challenges

- Encounter reporting not linked to cost of services
- Absence of regional capitation rates
- Support to enforce RSN corrective action plans and use of sanctions limited prior to E2SHB 1290
- Need for increased monitoring of financial risk
- Compressed RSN procurement time lines

Information System Challenges

- Information System
 - Outdated
 - Results in overlap of staff responsibilities and inefficiency
 - Limited capability to support increased oversight and monitoring

Organization and Staffing Recommendations

- Organization Structure
 - Focus staff assignments on key MHD oversight tasks
 - Strengthen Director's office to improve communications and obtain system wide buy-in of E2SHB 1290 requirements
 - Communications
 - Consumer Affairs Office
 - Project management
 - Reporting to Mental Health Task Force

Organizational Recommendations

- Hire a Psychiatric Medical Director
 - Practice guidelines
 - Clinical quality
 - Use of evidence/research based practices

Organizational Recommendations

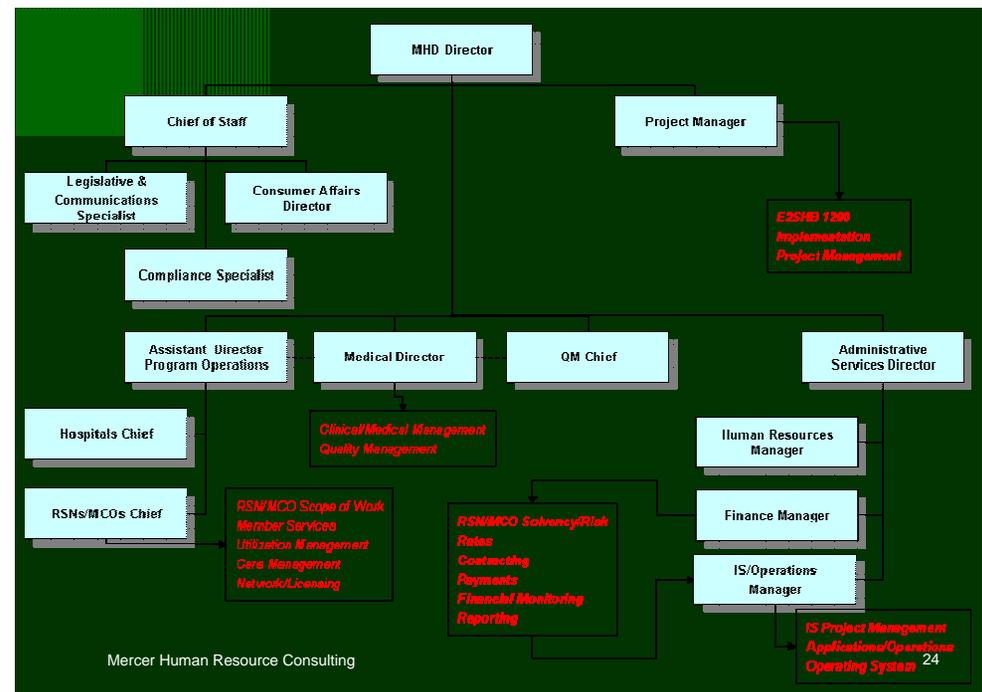
- Use the Assistant Director position to strengthen clinical/program operations
- Collaborate with Consumer Affairs and Medical Director
 - o Define performance standards
 - o Promote use of evidence/research based and promising practices that emphasize resilience and recovery
- Supervise the state hospitals to improve integration of hospital and community services
- Oversee cross-department planning efforts

Organizational Recommendations

- Designate an Administrative Service Director to oversee Finance and IS
 - Financial Management and Reporting
 - o Financial performance goals
 - o RSN procurement and contract oversight
 - o RSN operations reviews
 - o RSN contract compliance and financial viability
 - o Management reporting

Organizational Recommendations

- Information Systems
 - o Project management for IS requirements analysis and implementation of new system
 - o Encounter and cost reporting
 - o Third Party Liability (TPL)



Staffing Recommendations

- Reassign 11 FTE effective 9/1/05
- Add 13 FTEs for key managed care functions – 9/1/05
- Add 2 financial monitors and 2 quality monitors per 4 RSNs/MCOs by 9/1/06

High Level Organizational Recommendations

- Strengthen Director's Office
 - Elevate QM and Consumer Affairs to the Director's Office
 - Hire or engage a psychiatric Medical Director/Consultant
 - Hire or reassign a Chief of Staff to the Director
- Hire an Assistant Director for Program Operations with experience in managed care
- Realign, train and mentor program staff on performance monitoring and managed care tools

High Level IS Recommendations

- Establish formal project for upgrading MHD's IS immediately
 - Hire or engage an IS Project Manager
 - Assess business requirements
 - Define scope of IS work required
 - Upgrade IS
 - 1-2 year process for full system upgrade
 - Purchase software upgrades on interim basis

High Level Financial Recommendations

- Realign, train and mentor current staff on financial oversight and performance monitoring
 - Develop RSN reporting requirements for inclusion in RSN RFQ
 - Implement an encounter validation and pricing process to ensure services are provided at value of capitation payments
 - Develop financial and utilization reporting guide to help set RSN rates and monitor fiscal viability

Detailed Recommendations

- All report recommendations summarized on pages 41-44 of the Operations Review Report
- Specific recommendations
 - Clinical operations
 - Provider networks
 - Financial services
 - Information systems
 - Organizational structure
 - Staffing

Conclusion

- MHD has the capacity to implement the requirements of E2SHB 1290 and bring greater accountability to the system.
 - However, additional staff and IS tools are essential to ensure success.
- The cost/benefit of having senior management depth and acquiring effective IS tools could be the difference between the successful expansion of MHD's oversight responsibilities and maintaining the status quo.